



THE NATIONAL Voter

LEAGUE OF WOMEN VOTERS OF THE U. S.

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Congress Slashes Mutual Security Program

The Mutual Security Program, encompassing all U. S. foreign economic and military aid, is the most important piece of foreign policy legislation to come before Congress this year. The League strongly supports the underlying purpose of the Program to promote the security of the U. S. by furnishing assistance to friendly nations in the interest of international peace. Because League members are particularly concerned about the fate of this legislation, this issue of THE VOTER is devoted exclusively to current information on the Program.

THE Senate and House have authorized approximately \$7.3 billion for aid under the Mutual Security Program. This is a cut of \$1.2 billion from the President's original request of \$8.5 billion.

Senate Bill

The Senate authorized \$5.976 billion for military aid and \$1.330 billion for economic aid. Under the Senate bill the Defense Department would handle the military expenditures, and the Economic Cooperation Administration all aid for economic purposes in Europe and in countries of Southeast Asia where missions are already operating. The Technical Cooperation Administration in the State Department would continue to operate the technical assistance programs for Latin America, the Middle East, Africa, and any other country where E.C.A. does not now have a mission. The Program would be coordinated in the Executive Offices of the President.

House Bill

The House authorized \$6.013 billion for military aid and \$1.486 billion for economic aid. The House bill provides for a new agency—the Mutual Security Administration—to handle all economic and military aid. E.C.A. would be abolished and the Technical Cooperation Administration now in the State Department would probably be absorbed into the new agency.

The Senate and House bills are now before a Conference Committee. The most difficult tasks for the conferees will be to reach agreement on the method of administering the Program* and on resolving the differences in the amount voted for

* The League has no position on the administrative features of the Program.

Distribution of Military and Economic Aid

	President's Original Request	House Bill	Senate Bill
Europe			
Military	\$5,293,000,000	\$5,028,000,000	\$5,006,350,000
Economic	1,675,000,000	1,040,000,000	880,500,000
Middle East			
Military	415,000,000	415,000,000	396,250,000
Economic	125,000,000	160,000,000	175,000,000
Far East			
Military	555,000,000	530,000,000	535,250,000
Economic	375,000,000	248,750,000	248,500,000
Latin America			
Military	40,000,000	40,000,000	38,150,000
Economic	22,000,000	22,000,000	21,250,000
Total:	\$8,500,000,000	\$7,498,750,000	\$7,286,250,000

economic aid to Europe. It is possible that one reason why the administrative provisions of the bills vary is because of the nature of the hearings. In the House, the Foreign Affairs Committee held extensive public hearings where many national groups and qualified individuals presented their views. Such men as Paul Hoffman, former head of E.C.A., and Nelson Rockefeller, Chairman of the International Development Advisory Board, stressed the need for a separate agency to administer all U. S. military and economic aid.

In the Senate, hearings were held by a joint session of the Foreign Relations and Armed Services Committees. The presence of the Armed Services Committee apparently tended to emphasize the importance of the Defense Department keeping control of military aid. Also, the Senate Committees did not hear any public witnesses, only representatives from government agencies. The administrative structure of the Senate bill is almost identical to that recommended by government witnesses from the Departments concerned.

ACTION TAKEN

MAY 24, 1951—Mutual Security Program introduced in Congress

AUGUST 17, 1951—Program authorization passed by the House 260 to 101 (H.R. 5113)

AUGUST 31, 1951—Program authorization passed by the Senate, 61 to 5 (H.R. 5113)

ACTION TO COME

CONFERENCE COMMITTEE will meet to resolve differences in Senate and House bills. Expected to report in mid-September.

APPROPRIATIONS COMMITTEES of Senate and House will hold hearings on the amount to be appropriated for the Program. Hearings may continue until the first of October. The Committees may cut the amount but they cannot increase it above what has been authorized. It is expected that there will be a tendency to cut the appropriations for economic aid, especially those for underdeveloped areas. Economic aid for Europe has already been cut drastically. If Senate and House appropriation bills differ a Conference will be called.

FINAL CONGRESSIONAL ACTION may be delayed until late October.

Importance of Economic Aid

PROTECTION of the stability and solvency of European economies is the principle behind the economic aid program for Europe. The Marshall Plan had been scheduled to end in 1952, and if there had been no rearmament program, the aid recommended for 1952 would be about \$670 million compared to \$2 billion expended in 1951. Today, however, Europeans are not faced solely with the problem of recovering from the devastation of World War II. The burden of building a strong and defensible Europe has been added.

Why do Europeans need economic aid?

1. *Military aid* funds for Europe are mainly for finished equipment: tanks, guns, ammunition, and airplanes. Military aid cannot be used to build factories or railroads. Nor can military aid be used to defray any deficit in the export trade of a country caused by increased production for rearmament. *Economic aid*, on the other hand, can help Europe's defense production by supplying needed tools and accessories, by building railroads and power plants to keep the economy at a high level of output.

2. *Economic aid* will help prevent a decrease in the European standard of living. Living conditions in Europe today are no better than in 1938, though by contrast the U. S. standard of living has increased by 40 per cent. Though the Marshall Plan succeeded in helping to raise European industrial and agricultural production above pre-war levels, the surplus had to meet the needs of an increased population, essential exports and the reconstruction of devastated countries. In many European countries rationing and critical housing shortages still exist. If Europe were further to divert production from essential civilian goods to military purposes, the result might well be general unrest and strikes which would cripple the defense program.

3. To rearm, Europe must have an increase in imports of about eight per cent. Rearmament requires goods not now available in European countries. Without aid, the cost of needed imports would have to be met mainly by increased exports or by creating a deficit in the balance of trade. Europe cannot increase its exports to pay for increased imports, because its expansion of production must be for defense. To create a deficit in the trade balance is to buy on credit and thus, in the long run, to undermine the country's entire economy. Therefore, if Europe is to speed its rearmament program, economic aid will be necessary from the U. S. The sooner the aid is forthcoming, the sooner will Europe be able to complete its defense program.

4. The problem of inflation resulting from rearmament exists in Europe as it does in the U. S. European employment will rise as the defense program is accelerated, but the amount of goods available will not keep up with the increase in currency. U. S. economic aid will supply goods, thus helping to keep prices from rising.

How was the proposed figure determined?

American officials, in consultation with Europeans, computed the kind of a defense program feasible for each country to undertake. In the case of France, for example, this involved a calculation of how much steel, copper, lead, and zinc, etc. would be needed.

Next computed was how much France itself is capable of supplying, how much it is capable of buying in other parts of the world, and how much it is capable of buying from the U. S. The final calculation was how many dollars can France spare to buy goods in the U. S. The difference between what France can buy and what she needs was the basis for the proposed amount of U. S. economic aid.

Is economic aid more valuable than military aid?

The Senate cut European economic aid fifty per cent; military aid was cut about five per cent. The House cut

in economic and military aid was somewhat less. It can be argued that if Congress insists on a reduction in the funds for European aid, the cut should come in military rather than in economic aid. Why?

In addition to the military aid contained in the Mutual Security Program, Congress is considering a separate national defense program of approximately \$56 billion. Ten per cent of this domestic program could be used for foreign military aid, thus over five billion dollars could be directed to Europe's defense program.

Previously, for every million dollars worth of E.C.A. aid sent to a European country, that country set aside an equivalent amount in its own currency to be used for economic rehabilitation programs. These counterpart funds could not be used for military purposes. The Mutual Security Program as passed specifies that at least \$500,000,000 of the counterpart funds must be used exclusively for military production, construction, and equipment in those countries.

Every dollar of American economic aid can produce as much as a three-fold return in the European defense program. Belgium, for example, can make 70 per cent of a minesweeper at its own expense if the U. S. furnishes the other 30 per cent which the Belgians cannot make. If the 30 per cent were eliminated, the 70 per cent could be lost.

Opposition to Economic Aid

TO date, Congressional debate on reducing the funds for the Mutual Security Program has not centered on military aid or for assistance to underdeveloped countries but on funds for the fourth year of the Marshall Plan. What are the arguments for reducing economic aid to Europe?

1. Many Congressmen believe the European Recovery Program has been a success but that it must be liquidated on schedule in 1952. The index of industrial and agricultural production in Europe is above pre-war levels indicating to them that Europe has recovered from the effects of the war.

2. A few Congressmen say that there have been nothing but crises since World War II ended and that the present emergency is not unusual. It is not necessary, they say, to spend so much money this year for aid to other nations. New crises will arise and the U. S. will be called upon continuously to give money.

3. Others maintain that the U. S. economy cannot afford such a large foreign aid program, that it is of no use to build up Europe and the rest of the world if, in the interim, the U. S. economy collapses. They think that the problem of inflation in the U. S. must be solved and the budget balanced before we can worry about the defense and economic stability of Europe.

What Is the Alternative?

If the U. S. is not willing to furnish economic aid to Europe, the alternative is a weakened link in the security system of free nations, encouraging both aggression from within and without. A conquered Europe would deprive the U. S. of its strongest moral, industrial, and military partners.

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